10:

D. Devitre

FROM:

B. Graziani

SUBJECT:

Update on Rounded Corners Packaging

DATÉ:

August 26

I spoke to E.\Moore and Craig today and apparently PM USA has prepared a 650 to order an additional four packers. Two of the four mathines were ordered as a result of R. Roper's memo to J. Smith to meet Lark's Special Milds demand. The problem that arises is given the recent demand and projected requirements for USA Domestic, PM USA will not be able to meet the May launch date for Japan. PM USA volume requirements will cannibalize all new machinery. intending to allocate all resources in 1993 to support B&H Domestic. The results for B&H may level off by 3rd Quarter and provide an opportunity for PMI. The issue appears not to be machinery but what brand receives priority. M. Suter has apprised W. Webb of the situation. Hopefully this clarifies the current situation and will require some discussion between PMI and PM USA to be resolved.

Thank you.

cc: J. E. Kramer

B. Moore

L. Rumble

C. Schwartz

W. J. Campbel D. Dangoor S. Le Van

AUG